

AMENDED IN SENATE MAY 30, 2013

AMENDED IN SENATE APRIL 23, 2013

AMENDED IN SENATE MARCH 4, 2013

SENATE BILL

No. 56

Introduced by Senators Roth and Emmerson

January 7, 2013

An act to amend Section 97.70 of the Revenue and Taxation Code, relating to local government finance, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 56, as amended, Roth. Local government finance: vehicle license fee adjustments.

The Vehicle License Fee Law establishes, in lieu of any ad valorem property tax upon vehicles, an annual license fee for any vehicle subject to registration in this state. Beginning with the 2004–05 fiscal year and for each fiscal year thereafter, existing law requires that each city, county, and city and county receive a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Existing law requires that these amounts be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities.

This bill would, for the 2013–14 fiscal ~~year~~, *year and for each fiscal year thereafter*, provide for a ~~new~~ vehicle license fee adjustment amount; ~~as specified~~ *calculated on the basis of changes in assessed valuation*. This bill would also, for the 2013–14 fiscal year and for each fiscal year thereafter, provide for a vehicle license fee adjustment amount for certain cities incorporating after a specified date, as provided.

By imposing additional duties upon local tax officials with respect to the allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 97.70 of the Revenue and Taxation Code
2 is amended to read:
3 97.70. Notwithstanding any other ~~provision of~~ law, for the
4 2004–05 fiscal year and for each fiscal year thereafter, all of the
5 following apply:
6 (a) (1) (A) The auditor shall reduce the total amount of ad
7 valorem property tax revenue that is otherwise required to be
8 allocated to a county’s Educational Revenue Augmentation Fund
9 by the countywide vehicle license fee adjustment amount.
10 (B) If, for the fiscal year, after complying with Section 97.68
11 there is not enough ad valorem property tax revenue that is
12 otherwise required to be allocated to a county Educational Revenue
13 Augmentation Fund for the auditor to complete the allocation
14 reduction required by subparagraph (A), the auditor shall
15 additionally reduce the total amount of ad valorem property tax
16 revenue that is otherwise required to be allocated to all school
17 districts and community college districts in the county for that
18 fiscal year by an amount equal to the difference between the
19 countywide vehicle license fee adjustment amount and the amount
20 of ad valorem property tax revenue that is otherwise required to
21 be allocated to the county Educational Revenue Augmentation
22 Fund for that fiscal year. This reduction for each school district
23 and community college district in the county shall be the percentage

share of the total reduction that is equal to the proportion that the total amount of ad valorem property tax revenue that is otherwise required to be allocated to the school district or community college district bears to the total amount of ad valorem property tax revenue that is otherwise required to be allocated to all school districts and community college districts in a county. For purposes of this subparagraph, “school districts” and “community college districts” do not include any districts that are excess tax school entities, as defined in Section 95.

(2) The countywide vehicle license fee adjustment amount shall be allocated to the Vehicle License Fee Property Tax Compensation Fund that shall be established in the treasury of each county.

(b) (1) The auditor shall allocate moneys in the Vehicle License Fee Property Tax Compensation Fund according to the following:

(A) Each city in the county shall receive its vehicle license fee adjustment amount.

(B) Each county and city and county shall receive its vehicle license fee adjustment amount.

(2) The auditor shall allocate one-half of the amount specified in paragraph (1) on or before January 31 of each fiscal year, and the other one-half on or before May 31 of each fiscal year.

(c) For purposes of this section, all of the following apply:

(1) “Vehicle license fee adjustment amount” for a particular city, county, or a city and county means, subject to an adjustment under paragraph (2) and Section 97.71, all of the following:

(A) For the 2004–05 fiscal year, an amount equal to the difference between the following two amounts:

(i) The estimated total amount of revenue that would have been deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund, including any amounts that would have been certified to the Controller by the auditor of the County of Ventura under subdivision (j) of Section 98.02, as that section read on January 1, 2004, for distribution under the law as it read on January 1, 2004, to the county, city and county, or city for the 2004–05 fiscal year if the fee otherwise due under the Vehicle License Fee Law (Part 5 (commencing with Section 10701) of Division 2) was 2 percent of the market value of a vehicle, as specified in Section 10752 and 10752.1 as those sections read on January 1, 2004.

(ii) The estimated total amount of revenue that is required to be distributed from the Motor Vehicle License Fee Account in the Transportation Tax Fund to the county, city and county, and each city in the county for the 2004–05 fiscal year under Section 11005, as that section read on the operative date of the act that amended this clause.

(B) (i) Subject to an adjustment under clause (ii), for the 2005–06 fiscal year, the sum of the following two amounts:

(I) The difference between the following two amounts:

(ia) The actual total amount of revenue that would have been deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund, including any amounts that would have been certified to the Controller by the auditor of the County of Ventura under subdivision (j) of Section 98.02, as that section read on January 1, 2004, for distribution under the law as it read on January 1, 2004, to the county, city and county, or city for the 2004–05 fiscal year if the fee otherwise due under the Vehicle License Fee Law (Part 5 (commencing with Section 10701) of Division 2) was 2 percent of the market value of a vehicle, as specified in Sections 10752 and 10752.1 as those sections read on January 1, 2004.

(ib) The actual total amount of revenue that was distributed from the Motor Vehicle License Fee Account in the Transportation Tax Fund to the county, city and county, and each city in the county for the 2004–05 fiscal year under Section 11005, as that section read on the operative date of the act that amended this sub-subclause.

(II) The product of the following two amounts:

(ia) The amount described in subclause (I).

(ib) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years. For the first fiscal year for which a change in a city’s jurisdictional boundaries first applies, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated solely on the basis of the city’s previous jurisdictional boundaries, without regard to the change in that city’s jurisdictional boundaries. For each following fiscal year, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal

1 year shall be calculated on the basis of the city's current
2 jurisdictional boundaries.

3 (ii) The amount described in clause (i) shall be adjusted as
4 follows:

5 (I) If the amount described in subclause (I) of clause (i) for a
6 particular city, county, or city and county is greater than the amount
7 described in subparagraph (A) for that city, county, or city and
8 county, the amount described in clause (i) shall be increased by
9 an amount equal to this difference.

10 (II) If the amount described in subclause (I) of clause (i) for a
11 particular city, county, or city and county is less than the amount
12 described in subparagraph (A) for that city, county, or city and
13 county, the amount described in clause (i) shall be decreased by
14 an amount equal to this difference.

15 ~~(C) Except as otherwise provided under subparagraph (D), for~~
16 ~~For the 2006–07 fiscal year and for each fiscal year thereafter, to~~
17 ~~the 2012–13 fiscal year, inclusive,~~ the sum of the following two
18 amounts:

19 (i) The vehicle license fee adjustment amount for the prior fiscal
20 year, if Section 97.71 and clause (ii) of subparagraph (B) did not
21 apply for that fiscal year, for that city, county, and city and county.

22 (ii) The product of the following two amounts:

23 (I) The amount described in clause (i).

24 (II) The percentage change from the prior fiscal year to the
25 current fiscal year in gross taxable assessed valuation within the
26 jurisdiction of the entity, as reflected in the equalized assessment
27 roll for those fiscal years. For the first fiscal year for which a
28 change in a city's jurisdictional boundaries first applies, the
29 percentage change in gross taxable assessed valuation from the
30 prior fiscal year to the current fiscal year shall be calculated solely
31 on the basis of the city's previous jurisdictional boundaries, without
32 regard to the change in that city's jurisdictional boundaries. For
33 each following fiscal year, the percentage change in gross taxable
34 assessed valuation from the prior fiscal year to the current fiscal
35 year shall be calculated on the basis of the city's current
36 jurisdictional boundaries.

37 ~~(D) Notwithstanding subparagraph (C), for~~ For the 2013–14
38 fiscal year, the vehicle license fee adjustment amount shall be
39 equal to the sum of the following two amounts:

(i) The amount described in clause (i) of subparagraph (B) if Section 97.71 and clause (ii) of subparagraph (B) did not apply for that fiscal year, for that city, county, and city and county.

(ii) The product of the following two amounts:

(I) The amount described in clause (i).

(II) The percentage change from the 2004–05 fiscal year to the 2013–14 fiscal year, inclusive, in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years.

(E) For the 2014–15 fiscal year and each fiscal year thereafter, the sum of the following two amounts:

(i) The vehicle license fee adjustment amount for the prior fiscal year.

(ii) The product of the following two amounts:

(I) The amount described in clause (i).

(II) The percentage change from the immediately preceding fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years.

(2) Notwithstanding paragraph (1), “vehicle license fee adjustment amount,” for a city incorporating after January 1, 2011, but before January 1, 2013, 2014, means the following:

(A) For the 2013–14 fiscal year, or the first year of incorporation of the city, whichever is later, the sum of the following two amounts: quotient derived from the following fraction:

~~(i) The quotient derived from the following fraction:~~

~~(i)~~

(i) The numerator is the product of the following two amounts:

~~(ia)~~

(I) The sum of the most recent vehicle license fee adjustment amounts determined for all cities in the county incorporated prior to 2005.

~~(ib)~~

(II) The population of the incorporating city.

~~(ii)~~

(ii) The denominator is the sum of the populations of all cities in the county incorporated prior to 2005.

~~(ii) Fifty percent of the amount determined in clause (i).~~

~~(B) For the 2014–15 fiscal year, the sum of the following two amounts:~~

~~(i) The product of the following two amounts:~~

~~(I) The amount described in clause (i) of subparagraph (A).~~

~~(II) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years.~~

~~(ii) Forty percent of the amount determined in clause (i).~~

~~(C) For the 2015–16 fiscal year, the sum of the following two amounts:~~

~~(i) The product of the following two amounts:~~

~~(I) The amount described in clause (i) of subparagraph (B).~~

~~(II) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years.~~

~~(ii) Thirty percent of the amount determined in clause (i).~~

~~(D) For the 2016–17 fiscal year, the sum of the following two amounts:~~

~~(i) The product of the following two amounts:~~

~~(I) The amount described in clause (i) of subparagraph (C).~~

~~(II) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years.~~

~~(ii) Twenty percent of the amount determined in clause (i).~~

~~(E) For the 2017–18 fiscal year, the sum of the following two amounts:~~

~~(i) The product of the following two amounts:~~

~~(I) The amount described in clause (i) of subparagraph (D).~~

~~(II) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years.~~

~~(ii) Ten percent of the amount determined in clause (i).~~

~~(F) For the 2018–19 fiscal year, the sum of the following two amounts:~~

~~(i) The amount described in clause (i) of subparagraph (E).~~

~~(ii) The product of the following two amounts:~~

- 1 ~~(I) The amount described in clause (i).~~
2 ~~(II) The percentage change from the prior fiscal year to the~~
3 ~~current fiscal year in gross taxable assessed valuation within the~~
4 ~~jurisdiction of the entity, as reflected in the equalized assessment~~
5 ~~roll for those fiscal years.~~
6 ~~(G)~~
7 ~~(B) For the 2019–20 2014–15 fiscal year, and for each fiscal~~
8 ~~year thereafter, the sum of the following two amounts:~~
9 ~~(i) The vehicle license fee adjustment amount for the prior fiscal~~
10 ~~year.~~
11 ~~(ii) The product of the following two amounts:~~
12 ~~(I) The amount described in clause (i).~~
13 ~~(II) The percentage change from the prior fiscal year to the~~
14 ~~current fiscal year in gross taxable assessed valuation within the~~
15 ~~jurisdiction of the entity, as reflected in the equalized assessment~~
16 ~~roll for those fiscal years.~~
17 ~~(3) Notwithstanding paragraph (1), “vehicle license fee~~
18 ~~adjustment amount,” for a city incorporating after January 1, 2010,~~
19 ~~but before January 1, 2011, means the following:~~
20 ~~(A) For the 2013–14 fiscal year, the sum of the following two~~
21 ~~amounts:~~
22 ~~(i) The quotient derived from the following fraction:~~
23 ~~(I) The numerator is the product of the following two amounts:~~
24 ~~(ia) The sum of the most recent vehicle license fee adjustment~~
25 ~~amounts determined for all cities in the county incorporated prior~~
26 ~~to 2005.~~
27 ~~(ib) The population of the incorporating city.~~
28 ~~(II) The denominator is the sum of the populations of all cities~~
29 ~~in the county incorporated prior to 2005.~~
30 ~~(ii) Forty percent of the amount determined in clause (i).~~
31 ~~(B) For the 2014–15 fiscal year, the sum of the following two~~
32 ~~amounts:~~
33 ~~(i) The product of the following two amounts:~~
34 ~~(I) The amount described in clause (i) of subparagraph (A).~~
35 ~~(II) The percentage change from the prior fiscal year to the~~
36 ~~current fiscal year in gross taxable assessed valuation within the~~
37 ~~jurisdiction of the entity, as reflected in the equalized assessment~~
38 ~~roll for those fiscal years.~~
39 ~~(ii) Thirty percent of the amount determined in clause (i).~~

~~(C) For the 2015–16 fiscal year, the sum of the following two amounts:~~

~~(i) The product of the following two amounts:~~

~~(I) The amount described in clause (i) of subparagraph (B).~~

~~(II) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years.~~

~~(ii) Twenty percent of the amount determined in clause (i).~~

~~(D) For the 2016–17 fiscal year, the sum of the following two amounts:~~

~~(i) The product of the following two amounts:~~

~~(I) The amount described in clause (i) of subparagraph (C).~~

~~(II) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years.~~

~~(ii) Ten percent of the amount determined in clause (i).~~

~~(E) For the 2017–18 fiscal year, the sum of the following two amounts:~~

~~(i) The amount described in clause (i) of subparagraph (D).~~

~~(ii) The product of the following two amounts:~~

~~(I) The amount described in clause (i).~~

~~(II) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years.~~

~~(F) For the 2018–19 fiscal year, and for each fiscal year thereafter, the sum of the following two amounts:~~

~~(i) The vehicle license fee adjustment amount for the prior fiscal year.~~

~~(ii) The product of the following two amounts:~~

~~(I) The amount described in clause (i).~~

~~(II) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years.~~

~~(4) Notwithstanding paragraph (1), “vehicle license fee adjustment amount,” for a city incorporating after January 1, 2008, but before January 1, 2009, means the following:~~

1 (A) For the 2013–14 fiscal year, the sum of the following two
2 amounts:
3 (i) The quotient derived from the following fraction:
4 (I) The numerator is the product of the following two amounts:
5 (ia) The sum of the most recent vehicle license fee adjustment
6 amounts determined for all cities in the county incorporated prior
7 to 2005.
8 (ib) The population of the incorporating city.
9 (II) The denominator is the sum of the populations of all cities
10 in the county incorporated prior to 2005.
11 (ii) Twenty percent of the amount determined in clause (i).
12 (B) For the 2014–15 fiscal year, the sum of the following two
13 amounts:
14 (i) The product of the following two amounts:
15 (I) The amount described in clause (i) of subparagraph (A).
16 (II) The percentage change from the prior fiscal year to the
17 current fiscal year in gross taxable assessed valuation within the
18 jurisdiction of the entity, as reflected in the equalized assessment
19 roll for those fiscal years.
20 (ii) Ten percent of the amount determined in clause (i).
21 (C) For the 2015–16 fiscal year, the sum of the following two
22 amounts:
23 (i) The amount described in clause (i) of subparagraph (B).
24 (ii) The product of the following two amounts:
25 (I) The amount described in clause (i).
26 (II) The percentage change from the prior fiscal year to the
27 current fiscal year in gross taxable assessed valuation within the
28 jurisdiction of the entity, as reflected in the equalized assessment
29 roll for those fiscal years.
30 (D) For the 2016–17 fiscal year, and for each fiscal year
31 thereafter, the sum of the following two amounts:
32 (i) The vehicle license fee adjustment amount for the prior fiscal
33 year.
34 (ii) The product of the following two amounts:
35 (I) The amount described in clause (i).
36 (II) The percentage change from the prior fiscal year to the
37 current fiscal year in gross taxable assessed valuation within the
38 jurisdiction of the entity, as reflected in the equalized assessment
39 roll for those fiscal years.
40 (5)

1 (3) “Countywide vehicle license fee adjustment amount” means,
2 for any fiscal year, the total sum of the amounts described in
3 paragraphs (1) to (4), inclusive, and (2), for a county or city and
4 county, and each city in the county.

5 ~~(6)~~

6 (4) On or before June 30 of each fiscal year, the auditor shall
7 report to the Controller the vehicle license fee adjustment amount
8 for the county and each city in the county for that fiscal year.

9 (d) For the 2005–06 fiscal year and each fiscal year thereafter,
10 the amounts determined under subdivision (a) of Section 96.1, or
11 any successor to that provision, shall not reflect, for a preceding
12 fiscal year, any portion of any allocation required by this section.

13 (e) For purposes of Section 15 of Article XI of the California
14 Constitution, the allocations from a Vehicle License Fee Property
15 Tax Compensation Fund constitute successor taxes that are
16 otherwise required to be allocated to counties and cities, and as
17 successor taxes, the obligation to make those transfers as required
18 by this section shall not be extinguished nor disregarded in any
19 manner that adversely affects the security of, or the ability of, a
20 county or city to pay the principal and interest on any debts or
21 obligations that were funded or secured by that city’s or county’s
22 allocated share of motor vehicle license fee revenues.

23 (f) This section shall not be construed to do any of the following:

24 (1) Reduce any allocations of excess, additional, or remaining
25 funds that would otherwise have been allocated to county
26 superintendents of schools, cities, counties, and cities and counties
27 pursuant to clause (i) of subparagraph (B) of paragraph (4) of
28 subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing
29 with Section 98) had this section not been enacted. The allocations
30 required by this section shall be adjusted to comply with this
31 paragraph.

32 (2) Require an increased ad valorem property tax revenue
33 allocation or increased tax increment allocation to a community
34 redevelopment agency.

35 (3) Alter the manner in which ad valorem property tax revenue
36 growth from fiscal year to fiscal year is otherwise determined or
37 allocated in a county.

38 (4) Reduce ad valorem property tax revenue allocations required
39 under Article 4 (commencing with Section 98).

(g) Tax exchange or revenue sharing agreements, entered into prior to the operative date of this section, between local agencies or between local agencies and nonlocal agencies are deemed to be modified to account for the reduced vehicle license fee revenues resulting from the act that added this section. These agreements are modified in that these reduced revenues are, in kind and in lieu thereof, replaced with ad valorem property tax revenue from a Vehicle License Fee Property Tax Compensation Fund or an Educational Revenue Augmentation Fund.

SEC. 2. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to provide timely fiscal relief to preserve the public peace, health, and safety in incorporated cities and cities that annexed inhabited areas that lost revenue as a result of the passage of Senate Bill 89 of the 2011–12 Regular Session (Chapter 35 of the Statutes of 2011), it is necessary that this act take effect immediately.